

ATTENDEES

CHAIR	Leah Gilbert Morris (EDC)
BU SECRETARIAT	Eve Hall
ATI	Clement Yapo
ATRADIUS DSB	Arjen Walbroek
BPIFRANCE	Alexine Bourgeois Bertille Lelong
DZ Bank	Ralph Lerch
EDC	Trevor Kuhn Gwladys Tapsoba
EIFO	Toke Philipsen Prahm
FINNVERA	Pekka Karkovirta (<i>invited</i>)
MIGA	Maria Margarita Cabrera Boero
UKEF	Mark Anderson Emmanuelle Dot
US DFC	Daniel Buckley

Apologies from: Marlena Hurley (US DFC), Olga Sclovscaia (MIGA), Chris Mitman (Investec), Karin Wessman (EKN)

SUMMARY

The Chair opened the meeting and welcomed the CWG members and invitees. The purpose of the call was to continue sharing members' experience with implementation of the COP26 Joint Statement for the Clean Energy Transition and comparable policy approaches being undertaken by development colleagues.

The Chair thanked the participants who had offered to contribute to the climate workshop at the BU Spring Meeting in Brussels on 9th May. DZ Bank representative suggested that a further discussion on incentives, findings, certification, etc with outside participants, especially banking sector, would be useful.

COP 26 Implementation Experience

This call focused on implementation updates from MIGA, BPI France, US DFC, and UKEF.

MIGA

The World Bank Group (WBG) made a commitment to align all its financing operations with the goals of the Paris Agreement in its Climate Change Action Plan 2021-2025. There are three pillars to operationalise this action plan: integrating climate and development; prioritizing key systems transition; and financing to support the transition.

All WBG projects integrate climate considerations: climate finance (climate co-benefits), greenhouse gas accounting and shadow price of carbon; climate and disaster risk screening; and climate results

indicators. For all projects, the WBG will adopt a comprehensive, rigorous, and transparent approach for assessment.

The World Bank is on track to align 100% percent of new operations. For IFC and MIGA, 85% of new operations will be aligned starting July 1, 2023, and 100% from July 1, 2025. This is part of a broader multilateral development bank vision to align financing flows with the objectives of the Paris Agreement.

Paris Alignment of World Bank financing operations is assessed for the following Instruments: Development Policy Financing (DPF); Investment Project Financing (IPF), which includes Financial Intermediary Lending; and Program-for-Results (PforR). For each of the financing instruments, the methods lay out the criteria for how a project will be assessed for Paris Alignment along mitigation and adaptation dimensions using a three-step, risk-based approach.

[The World Bank Group and Paris Alignment](#) to access downloads for above policies.

The IFC, the private sector arm of the World Bank, stopped supporting new coal projects under IFC's [Green Equity Approach \(GEA\) 2023 update](#). Starting January 1, 2023, IFC requires a commitment from Financial Institution clients to not originate and finance any new coal projects from the time IFC becomes a shareholder. MIGA also apply this approach for its Financial Institutions clients.

The WBG consider four activities as not aligned with the Paris goals: mining of thermal coal; electricity generation from coal; extraction of peat; and electricity generation from peat.

WBG climate finance has tripled in the last 6 years, reaching USD 31.7 billion in FY 2022.

MIGA defines climate finance as any financial flow that is directly invested in a climate activity (such as renewables, adaptation, resilience), by applying the Jointly MDB Methodology and Principles. MIGA is working towards a list of operation types and activities that are considered universally aligned for each sector (energy, manufacturing, agriculture, waste, transport, buildings, etc).

BPI France

The French 2021 Finance Law set a trajectory to end state export guarantees in 2025 for oil projects and in 2035 for gas projects. At COP26 in October 2021, France committed, along with 38 other signatories, to end all new direct foreign public support for the "unabated fossil fuel energy sector" by the end of 2022. Furthermore, this commitment was renewed and extended to all G7 members following the G7 Energy, Climate and Environment meeting on 27 May 2022 and the G7 Heads of State meeting on 29 June 2022.

The new 2023 Finance Law put an end to public export guarantees for the oil and gas sector for operations whose direct purpose is the exploration, production, transport, storage, refining or distribution of coal or liquid or gaseous hydrocarbons. BPIFRANCE is applying the above law case by case for all export products. Some projects have not been approved since but overall effect to the portfolio is yet to be assessed.

UKEF shared that a one-year exemption was applied to small and medium sized enterprises (SMEs) when the fossil fuel policy was introduced in 2021. This expired in March 2022 and there is no further exemption in place. This has meant that UKEF has not been able to assist some SMEs with a too-high percentage of their revenue in the oil and gas sector and a transition linked working capital product is being considered for SMEs as well.

US DFC

DFC shared their carbon-intensive investment approach. OPIC/DFC statutorily required to reduce portfolio emissions by 50% by 2023 against 2008 baseline. DFC is committed to net zero by 2040. No policy on Paris Alignment yet but development is in process.

Also:

The Joint Report on Multilateral Development Banks' Climate Finance is an annual collaborative effort to publish multilateral development bank climate finance figures, together with a clear explanation of the methodologies for tracking this finance. This joint report, alongside the banks' publication of climate finance statistics in their respective corporate media, is intended to track progress in relation to their climate finance targets such as those announced at COP21 and the greater ambition pledged for the post-2020 period.

This 11th edition of the Joint Report on Multilateral Development Banks' Climate Finance is an overview of climate finance committed in 2021 by the African Development Bank (AfDB), the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank Group (IDBG), the Islamic

Development Bank (IsDB) and the World Bank Group (WBG). This year's report also summarizes information on climate finance tracking from the New Development Bank (NDB) and the Council of Europe Development Bank (CEB), presented separately from the joint figures.⁵ NDB and CEB climate finance commitments are not yet included in the total MDB climate finance reported in this year's edition.

[2021 Joint report on multilateral development banks' Climate finance \(eib.org\)](https://www.eib.org/en/press-room/2021-joint-report-on-multilateral-development-banks-climate-finance)

EDC

Implementing COP26 at EDC has involved distinguishing between direct vs indirect. The scope of oil and gas is also being considered as to how far down the value chain it should go and what are the sector limits and classifications. International side of business is not being supported while still supporting domestic side under certain conditions. EDC is looking to put together a sustainable finance framework that would align with the marketplace.

The Government of Canada may continue to provide support in certain limited and clearly defined circumstances should a project qualify based on the 12 exemptions and conditions.

EDC's implementation of Guidelines for Canada's International Support for Clean Energy Transition: [Guidelines for Canada's International Support for Clean Energy Transition](#)

Exemptions: Mitigation technologies in the power generation sector and fossil fuel energy sector; decommissioning and conversion; other emissions mitigation projects; transitioning existing non-power infrastructure; natural gas power generation; production, distribution, and use of low carbon intensity fuels (e.g., hydrogen); advocacy; technical assistance; national security; humanitarian and emergency response; cooking and temperature regulation in private homes.

EDC has yet to leverage the Exemptions under the Guidelines for Canada's International Support for Clean Energy Transition.

It was acknowledged that there is a general alignment across those members who have committed to the COP26 Joint Statement, with some differences in the scope and phasing/sequencing of implementation approaches.

FOLLOW UP AND NEXT MEETING

For the next meeting:

- COP28 and potential BU mission
- Stock taking on three workstreams, including upcoming innovation videos and explainers: <https://www.berneunion.org/Stub/Display/234>
- CWG member feedback on CWG's direction (what is working well, what to do differently, and what can you and your organization bring forward in the next 6 months)

Next call: 14 June 2023